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**BOARD OF AUDITORS**

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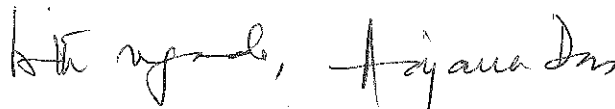
26 July 2017

Dear Ms. Mlambo-Ngcuka

**Subject: Report of the Board of Auditors**

I am pleased to enclose a copy of the report of the Board of Auditors on the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) for the year ended 31 December 2016 and the audited financial statements.

Sincerely Yours,



Anjana Das  
Executive Secretary

Ms. Phumzile Mlambo-Ngcuka  
Executive Director  
United Nations Entity for Gender Equality  
and the Empowerment of Women (UN-Women)  
New York, NY, USA

**United Nations Entity for Gender Equality and the  
Empowerment of Women**

**Financial report and audited financial  
statements**

**for the year ended 31 December 2016**

**and**

**Report of the Board of Auditors**



**United Nations • New York, 2017**

*Note*

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Letters of transmittal

**Letter dated 28 April 2017 from the Executive Director of the United Nations Entity for Gender Equality and the Empowerment of Women addressed to the Chair of the Board of Auditors**

Pursuant to financial rule 1202 of the United Nations Entity for Gender Equality and the Empowerment of Women, enclosed are the financial statements for the year ended 31 December 2016. These statements have been prepared and signed by the Director of Division of Management and Administration.

*(Signed)* Phumzile **Mlambo-Ngcuka**  
Executive Director  
United Nations Entity for Gender Equality  
and Empowerment of Women

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**Letter dated 30 June 2017 from the Chair of the Board of  
Auditors addressed to the President of the General  
Assembly**

I have the honour to transmit to you the financial statements of the United Nations Entity for Gender Equality and the Empowerment of Women for the year ended 31 December 2016.



Shashi Kant Sharma  
Comptroller and Auditor General of India  
Chair of the Board of Auditors

## Chapter I

### Report of the Board of Auditors on the financial statements: audit opinion

#### Opinion

We have audited the financial statements of United Nations for Gender Equality and the Empowerment of Women (UN-Women) which comprise the statement of financial position (statement I) as at 31 December 2016 and the statement of financial performance (statement II), statement of changes in net assets/equity (statement III), statement of cash flows (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the UN-Women as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the UN-Women in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information other than the Financial Statements and Auditor's Report Thereon

The Executive Director is responsible for the other information. The other information comprises the financial report for the year ended 31 December 2016 included in Chapter IV, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.



### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Executive Director is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the UN-Women's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate UN-Women or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the UN-Women's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the UN-Women's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the UN-Women's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions

are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the UN-Women to cease to continue as a going concern.

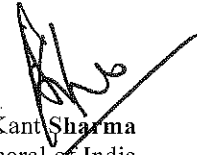
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on other legal and regulatory requirements**

Furthermore, in our opinion, the transactions of the UN-Women that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and Rules of the UN-Women and legislative authority.

In accordance with Article VII of the United Nations Financial Regulations and Rules, we have also issued a long-form report on our audit of UN-Women.



**Shashi Kant Sharma**  
Comptroller and Auditor General of India  
Chair of the Board of Auditors



**Mussa Juma Assad**  
Controller and Auditor General of the  
United Republic of Tanzania  
(Lead Auditor)



**Kay Scheller**  
President of the German Federal Court of Auditors

30 June 2017

## Chapter II

### Long-form report of the Board of Auditors

#### *Summary*

By its resolution 64/289, the General Assembly established the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women). UN-Women provides guidance and technical support to all Member States, at their request, on gender equality, the empowerment and rights of women and gender mainstreaming. It is mandated to work in consultation with national machineries for women and civil society organizations and to operate as part of the Resident Coordinator system within the United Nations country team by leading and coordinating the team's work on gender equality and the empowerment of women. The Board of Auditors noted that UN-Women spent \$340.04 million against total revenue of \$334.57 million for the year ended 31 December 2016.

The Board of Auditors has audited the financial statements and reviewed the operations of UN-Women for the year ended 31 December 2016, in accordance with General Assembly resolution 74 (I) and in conformity with the International Standards on Auditing. The audit was carried at the Headquarters in New York; which was preceded by interim audit field visits to Cambodia, Vietnam, Jordan, Rwanda, Colombia Country Offices and the Regional Office for Arab States in Egypt.

#### **Scope of the report**

The report covers matter that, in the opinion of the Board, should be brought to the attention of the General Assembly. The report has been discussed with the management of UN-Women, whose views have been appropriately reflected.

The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements present fairly the financial position of UN-Women as at 31 December 2016 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). The audit included a general review of the financial systems and internal controls and a test examination of the accounting records and other supporting evidence, to the extent that the Board considered necessary to form an opinion on the financial statements.

The Board also reviewed the operations of UN-Women under financial regulation 7.5 of the United Nations, which allows the Board to make observations on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of operations. The Board examined the budget and funding situation, results-based management, accounts and financial management, programme, project and trust fund management, and information and communications technology. The report also includes a brief commentary on the status of implementation of the recommendations of the previous year.

### **Audit opinion**

The Board issued an unqualified audit opinion on the financial statements of UN-Women for the year ended 31 December 2016. The Board's opinion is reflected in chapter I of the present report.

### **Overall conclusion**

The Board found no significant errors, omissions or misstatements which can affect its opinion on the UN-Women financial statements. Nevertheless, the Board found some deficiencies in the areas of financial management, programme and project management, assets management, human resources and payroll management, and information and communications technology (ICT). Also, despite some improvements recorded during the year, the Board continues to note cases of delayed financial closure of projects which were operationally closed. The Board considers that UN-Women needs, to strengthen its efforts to address the underlying causes of identified deficiencies in order to deliver its mandate efficiently and effectively.

### **Key findings**

The Board had identified a number of issues which need management's consideration to enhance the effectiveness of UN-Women operations. In particular, the Board highlights the following key findings:

#### *Lack of follow-up plans on risk mitigation actions*

- (a) At the six visited field offices, the Board noted lack of documented follow-up plans that could be used by management to effectively monitor and manage the identified key risks before they reach their planned mitigation due dates. The Board considers that risk follow-up plans and mitigation strategies are crucial in forecasting the consequences of risks, ranking and designing a clear mitigation action plan and time frame for addressing those risks. UN-Women stated that guidance and instructions have been issued for the completion of a standardized template that will be signed off by the Risk Owner to ensure that the 2017 risk management objectives are achieved and completed in a consistent manner. The Board also noted that the staff in field offices did not have adequate risk management awareness specifically regarding risk assessment, identification and mitigating actions.

#### *Establishment of field and programme presence*

- (b) UN-Women does not have any documented policy or guidance note to govern the establishment and operations of programme and field presence. As a result of this, the Board noted that two offices away from Headquarter (one country and another regional office) had established five field presences<sup>1</sup>, four programme presences<sup>2</sup>, respectively, without properly documented business cases. This makes it difficult for the entity to achieve the expected results and to measure the performance of the established field presence.

<sup>1</sup> Columbia has established field presences at Cauca, Meta, Antioquia, Narino, and Choco.

<sup>2</sup> The Regional Office for Arab States established programme presence in Lebanon, Libya, Syria, and Yemen.

*Inadequate management of user access*

- (c) A total of three out of 1,407 Atlas ERP finance users reviewed by the Board had two active user accounts. Also, 33 out of 117 separated staff in 2016 were still having access to the UN-Women intranet and internal business applications as of May 2017 contrary to requirement of Section 2 of the UN-Women Information Security Policy.

*Inadequate gateway protections*

- (d) The Board noted that 51 (86 per cent) out of 59 field offices of UN-Women were not part of corporate managed gateway protection system and the central ICT function is not aware of the situation in the field offices. At six out of eight corporate managed gateway protection system UN-Women offices use old version of firewalls licenses combined with Antivirus licenses and two offices have the newer firewall licenses as per current contract which provides additional Virtual Private Network capabilities and inspect additional protocols which cannot be inspected by old version of firewall. This is contrary to Section 3.5 of Guideline on ICT function in offices away from Headquarters that requires field offices to receive important information about global ICT changes that may impact field office, and make the central ICT function aware of field local situation.

**Recommendations**

The Board has made several recommendations based on its audit that are contained in the body of the report. The main recommendations are that UN-Women:

*Lack of follow up plans on risk mitigation actions*

- (a) **Establish follow up plans on risk mitigation actions to enable the establishment of long-term methodologies, monitoring of actions taken, criteria and risk matrices and a time frame for addressing risks.**

*Establishment of field and programme presence*

- (b) **Develop the policy and guideline which clearly define the rationale for the establishment of the programme presence as well as the management of the programme and field presence; and (ii) develop business cases for the established programmes and field presence so as to suit the current needs and situation.**

*Inadequate management of user access*

- (c) **(i) Finalize the development and implement formal procedures to grant, revoke and monitor logical access for all ICT systems; and (ii) review and remove or disable all user accounts of separated staff.**

*Inadequate gateway protections*

- (d) **(i) Strengthen country offices assessment tool to include country office compliance with ICT standards to enforce field offices to provide information about local situation and details on gateway protections to central ICT function for support from corporate ICT; and (ii) consider implementing next generation firewalls in offices which are not part of managed firewall solution and upgrades of existing firewalls.**

**Key facts**

<b>1,729</b>	Number of projects for both core and non-core and management projects (Institutional and Regular budgets)
<b>6</b>	Regional offices
<b>47</b>	Country offices
<b>5</b>	Liaison offices
<b>30</b>	Programme presence countries
<b>857 staff</b>	Employed by UN-Women
<b>1,127 non-staff</b>	Non-staff personnel working for UN-Women
<b>\$410 million</b>	Budget for 2016
<b>\$334.57 million</b>	Total revenue for the year 2016
<b>\$340.04 million</b>	Total expenses for the year 2016
<b>\$26.06 million</b>	Reserves as at 31 December 2016
<b>\$319.74 million</b>	Voluntary contributions for the year 2016
<b>\$69.36 million</b>	After-service health insurance, repatriation benefits and death benefits liability as at December 2016

## **A. Mandate, Scope and Methodology**

1. The Board of Auditors has audited the financial statements and reviewed the operations of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) for the year ended 31 December 2016, in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations (ST/SGB/2003/7 and Amend.1) and the International Standards on Auditing. Those standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly, in all material respects, the financial position of UN-Women as at 31 December 2016 and the results of its operations and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). That included an assessment as to whether the expenses recorded in the financial statements had been incurred for the purposes approved by the governing bodies of UN-Women and whether revenue and expenses had been properly classified and recorded in accordance with the financial regulations and rules of UN-Women. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

3. The audit was carried at the Headquarters in New York; which was preceded by interim audit field visits to Cambodia, Vietnam, Jordan, Rwanda, Colombia Country Offices and the Regional Office for Arab States in Egypt.

4. In addition to the audit of the accounts and financial transactions, the Board carried out reviews of operations of UN-Women under financial regulation 7.5 of the United Nations and financial rule 1202 of UN-Women. The General Assembly also requires the Board to follow up on previous recommendations and to report accordingly. The Board coordinates with the internal audit unit in the planning of its audits to avoid duplication of efforts and to determine the extent of reliance that can be placed on the latter's work.

5. The present report covers matter that the Board considers should be brought to the attention of the General Assembly. The report was discussed with UN-Women and the views of management have been appropriately reflected.

## **B. Findings and Recommendations**

### **1. Follow-up of previous years' audit recommendations**

6. Of the 30 outstanding recommendations up to the period ended 31 December 2015, 25 (83 per cent) were implemented and five (17 per cent) were still under implementation. Although the trend depicts a satisfactory implementation rate of audit recommendations, the Board urges UN-Women to put more effort to address recommendations that have not been fully implemented. Details on the status of implementation of these recommendations are set out in Annex I to this report.

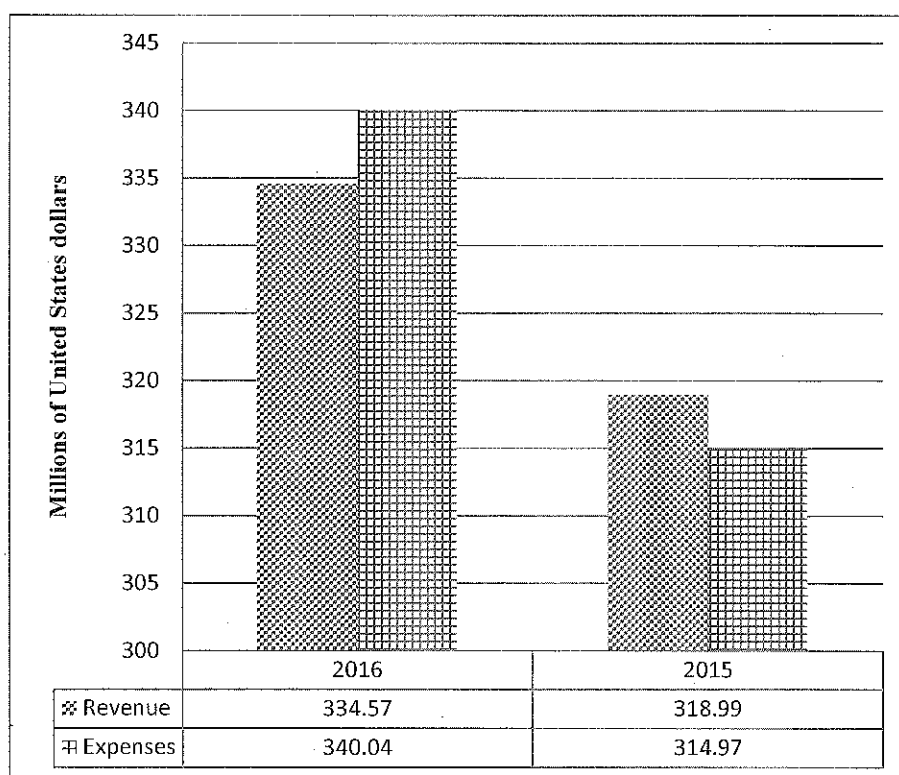


## 2. Financial overview

### *Financial performance*

7. Total revenue during the year under review was \$334.57 million (2015: \$318.99 million) against total expenses of \$340.04 million (2015: \$314.97 million), resulting in a deficit of \$5.47 million (2015: surplus of \$4.02 million). The recorded deficit resulted from timing difference in the recognition of revenues against expenses on other resources, whereby revenue was recognized in a prior year after meeting the recognition criteria, while the corresponding expenses were incurred and accounted for in 2016. A comparison of revenue and expenses for the financial years 2015 and 2016 is illustrated in figure II. I.

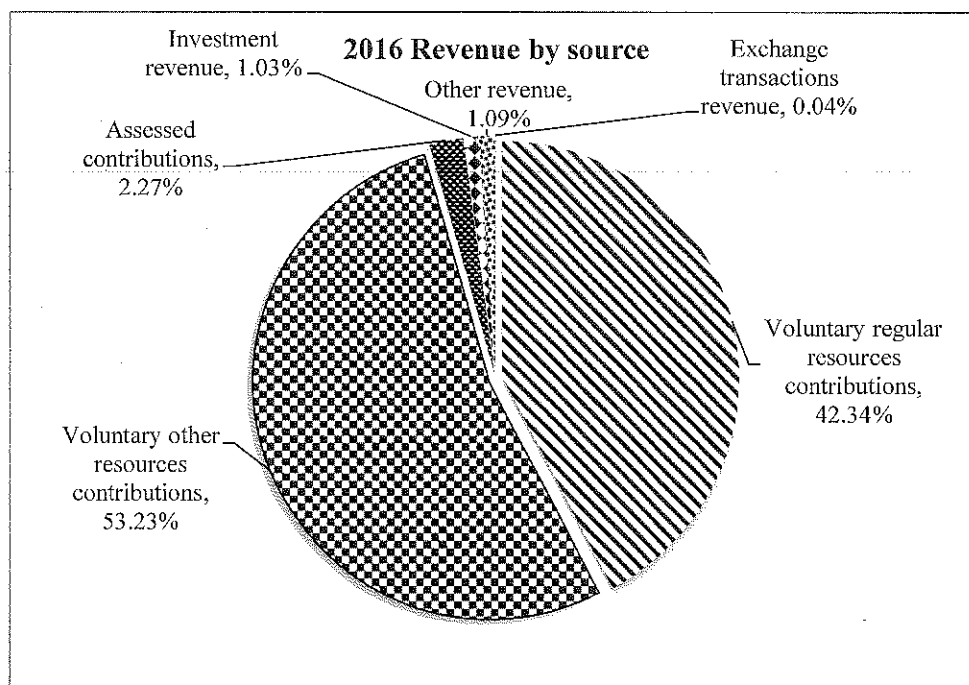
**Figure II.I: Financial performance pattern for 2015 and 2016**



Source: The Board analysis of UN-Women financial statements.

8. Voluntary contributions form a major part of UN-Women revenues. Of the reported revenue of \$334.57 million (2015: \$318.99 million), voluntary contributions amounted to \$319.74 million (2015: \$306.98 million) equivalent to 95.57 per cent of total revenue. UN-Women has recorded a 4.16 per cent increase in voluntary contributions compared with the previous year. Figure II.II illustrates the sources of revenue for 2016.

Figure II.II: 2016 Revenue by source



Source: The Board analysis of UN-Women financial statements for 2016.

#### *Financial position*

9. UN-Women had total assets of \$457.49 million and total liabilities of \$109.82 million. Of its total assets, \$272.77 million, equivalent to 59.62 per cent, represented balances in cash, cash-equivalents and short-term investments. Current assets amounted to \$331.23 million against current liabilities of \$41.67 million resulting in net current assets of \$289.56 million. The significant excess of current assets over current liabilities demonstrates good short-term financial strength. In 2016, cash and cash equivalents increased by 142 per cent from \$41.7 million in 2015 to \$100.98 million in 2016 due to change in timing of investments. At the end of 2016, UN-Women investment funds managed under UNDP investments unit were held in cash balance waiting for interest rate movements that would be appropriate for the funds re-investment.

#### *Ratio analysis*

10. Table II contains key financial ratios analysed from the financial statements, mainly from the statements of financial position and financial performance.

**Table II: Ratio analysis**

<i>Description of ratio</i>	<i>31 December 2016</i>	<i>31 December 2015</i>
<b>Current ratio<sup>3</sup></b>		
Current assets: current liabilities	7.95	8.83
<b>Total assets: total liabilities<sup>4</sup></b>		
Assets: liabilities	4.17	4.95
<b>Cash ratio<sup>5</sup></b>		
Cash plus investments: current liabilities	6.55	7.10
<b>Quick ratio<sup>6</sup></b>		
Cash plus investments plus accounts receivable: current liabilities	6.78	7.50

*Source:* The Board's analysis of UN-Women financial statements as of 31 December 2016.

11. The analysis indicates that UN-Women has a good liquidity position and can meet its short-term obligations with its most liquid assets. In 2016, the Board noted a decline in the current ratio owing to a significant increase in current liabilities by 27.4 per cent compared to 15.4 per cent increase in current assets. The significant increase in current liabilities is the result of the amount of investment settlement payable on an investment deal that was completed in January 2017 and larger accruals of funds for payment related to security, learning, information and communication technology, audit and reimbursement due to United Nations jointly funded activities. The entity's cash and investments of \$272.77 million (2015: \$230.81 million) continued to provide a high level of liquidity.

### **3. Financial management**

#### *Deficiencies in management of staff advances*

12. UN-Women had outstanding staff advances of \$1.70 million as at 31 December 2016. These staff advances consisted of salary advance \$115,586, rental advances \$94,965, travel advances \$8,081, other staff receivable \$94,474 and education grant \$1.39 million.

13. The Board noted deficiencies in management of staff advances in the areas of issuing, recovery and recording. For example, 10 staff members were issued with advances of \$121,907 for implementation of programme activities up to five times while they had not accounted for previous advances relating to completed activities. The Board also noted that UN-Women had not commenced deductions from 31 staff who received advances amounted to \$147,828 contrary to UN Women regulations for management of advances which requires deductions to start at the first end of month pay-day following the months when the advances were granted. The delay ranged from one to 17 months after the time prescribed by the regulations. As of 31 December 2016, there was no recovery made for

<sup>3</sup> A high ratio indicates an entity's ability to pay off its short-term liabilities.

<sup>4</sup> A high ratio is a good indicator of solvency.

<sup>5</sup> The cash ratio is an indicator of an entity's liquidity by measuring the amount of cash, cash equivalents or invested funds there are in current assets to cover current liabilities.

<sup>6</sup> The quick ratio is more conservative than the current ratio because it excludes inventory and other current assets, which are more difficult to turn into cash. A higher ratio means a more liquid current position.

advances of \$48,793 issued to 14 staff for a period of two to nine months since their issue dates and deductions amounting to \$72,289 were made from 15 staff but the related advances were not recorded against the respective deductions. In addition, advances amounting to \$22,241 issued to 16 staff had been outstanding for a period ranging from one to four years.

14. UN-Women stated that, as part of its month-end closure process, field offices are required to review all outstanding advance balances to ensure that recovery of advances are being made. On a bi-monthly basis, UN-Women Finance Headquarter performs a full reconciliation on the general ledger accounts for Staff Receivables to ensure that recoveries are established and are being made via payroll. Also reconciles any issues between chart of accounts to ensure recoveries are offsetting the correct advance, and following up with Regional and Country Offices payroll on items which are not being recovered. While noting UN-Women explanations, the Board did not obtain evidence to confirm that the procedures explained by management function properly. The Board is concerned that such deficiencies poses the risk that the amounts advanced may eventually not be recovered.

15. **UN-Women agreed with Board's recommendation to comply with advance regulations to ensure prompt recovery of the advances through payroll and corrective actions in a timely manner.**

#### 4. Governance, accountability and business transformation

##### *Lack of comprehensive risk mitigation plans*

16. In 2016 UN-Women established enterprise risk management procedures to ensure that a wide range of governance, strategic, operational, contextual, programmatic and institutional risks are identified, analysed and mitigated. In the process, UN-Women also established a computerized risk register in its OneApp<sup>7</sup> on Enterprise Risk Management (ERM) that offers a portfolio view of the entity's risks at the global, regional and field office level.

17. At six<sup>8</sup> visited field offices, the Board noted that the offices established key risks through a rigorous and consultative approach with programme colleagues, United Nations Country Team and partners. All the identified risks were ranked using the Corporate Risk Register guidance and then posted to the online risk register after they were reviewed by the Headquarters' risk focal person. However, the Board found that all six field offices had no documented follow-up plans for the risk mitigation strategies for effective monitoring and management of key risks identified before reaching the planned mitigation due dates.

18. Management stated that UN-Women had issued guidance and instructions for the completion of a standardized template that will be signed off by the Risk Owner in order to achieve and complete the risk management objectives for 2017 in a consistent manner. UN-Women has also made modifications to the ERM One App to include the mitigation action due date and mitigating action owner on the Risk Register in order to facilitate the monitoring of mitigating actions and the time frame for addressing the established risks. The detailed guidelines have been issued

<sup>7</sup> This is the online tool in which different management applications with various purposes are developed.

<sup>8</sup> Cambodia, Vietnam, Jordan, Rwanda, Colombia, Regional Office for Arab States in Egypt.

in 2017 to all country offices on how to maintain a risk management plan in a more effective manner.

19. While acknowledging the actions taken by management, the Board is of the view that implementation of the follow-up plans for mitigation strategies are crucial in forecasting the likelihood and consequences of risks, ranking the risks identified and designing a clear mitigation action plan and time frame for addressing the risks. The follow up plans should also ensure the mitigations actions work effectively in addressing the identified risks.

**20. UN-Women agreed with the Board's recommendation to establish comprehensive risk mitigation actions follow up plans to enable the establishment of long-term methodologies, monitoring of actions taken, criteria and risk matrices and a time frame for addressing the established risks.**

*Absence of Standard Basic Assistance Agreement (SBAA)*

21. UN-Women is an integral part of the United Nations and in that case has privileges and immunities governed by the Convention on the Privileges and Immunities of the United Nations. Para 136 of the UN-Women Programme and Operations Manual (POM) on Procurement Management requires UN-Women, as a subsidiary organ of the United Nations, to be exempted from direct taxes such as income tax, and entitled to reimbursement of indirect taxes, such as sales tax and VAT on purchases.

22. The Board noted that one country office did not claim sales tax amounting to \$6,502 from various payments of \$42,016 made from January to September 2016. The Board considers that the noted deficiency is mainly caused by the lack of Standard Basic Assistance Agreement (SBAA) between the country office and the Host Government.

23. The Board also noted a similar case in another country where the country office was implementing 34 projects with a total budget of \$2.8 million, but it had no SBAA with the Government. In the second case the country office could not transfer or receive resources to or from the Government or its institution because the SBAA, which was signed since 10 June 2014, had not been ratified by the host country's Parliament. Therefore, the country office could not engage any Government partners for implementation of UN-Women operations in the country.

24. Management informed the Board that UN-Women was finalizing the process to appoint a Country Office Representatives for the first country who will be responsible for signing the SBAA on UN-Women side. In the second country a proposal was made to renegotiate terms of the Exchange of Letters to validate the Host Country agreement. Management further stated that UN-Women had recently completed analysis of its geographic footprint and status of the accompanying agreement, with the relevant Host Governments. Based on this, UN-Women is in the process of finalizing a protocol for negotiating and concluding host country agreements, which will be disseminated to all offices, with the aim of expediting and catalysing the process.

25. The Board is of the view that UN-Women needs to expedite the recruitment process of country representatives for the first country and regularly follow-up with host countries to formalize host country arrangements.

**26. The Board recommends that UN-Women (a) finalize the appointment of Country Office Representatives, and (b) find a means**

**to catalyse the negotiations regarding Standard Basic Assistance Agreement to enable the office to exercise full mandate on raising and using resources for programmes and projects.**

*Lack of policies and procedures for operating in crises countries*

27. From the review of Programme Formulation Chapter of the Programme and Operations Manual, 2015 (POM), the Board noted that no specific paragraph provides guidance on how UN-Women can fast track its procedures to facilitate direct implementation of programmes in fragile/crisis countries. Further review of the operations in one regional office and its regional portfolio, which covers three out of the four level three crises countries, noted that UN-Women had no fast-tracking procedures to be used to optimize its operations in fragile or in crisis countries.

28. UN-Women stated that during 2016, the Programme Division conducted a business process review of fast track initiatives for crises environments within the available resources and adopted a prioritized-phased-approach in developing needed policies and procedures for working in crises setting. Further, it had completed the Rapid Response Procurement Procedure and approved in January 2017 while fast-track procedures for finance will be approved and released later in 2017.

29. While acknowledging efforts made by UN-Women in the development of Rapid Response Procurement Procedure, the Board noted that these procedures had not been deployed as at the time of audit in May 2017. Therefore, UN-Women need to deploy the developed procedures and expedite the processes to complete the remaining procedures on financial, security, safety, and reputational risks to the entity to provide operational guidance for activities carried out in crises environment.

**30. UN-Women agreed with the Board recommendation that it develops and disseminates finance policies and procedures for engaging in activities on urgent basis and in crises environment.**

*Assessment of services provided under the Service Level Agreements not performed regularly*

31. The Board noted that UN-Women at the six visited field offices had signed Service Level Agreements (SLA) with UNDP for provision of various services. Accordingly, UN-Women reimburses UNDP the costs incurred in connection with the services rendered as per the Universal Price List for standard services and the Local Price List for ad hoc or non-standard services.

32. At Colombia Country Office, the Board reviewed the SLA which was signed on 1 August 2013 and noted that it had no provision that requires assessment of quality of services delivery. Such an assessment could form the basis for review of the agreement. As such, neither review of the SLA nor assessment of the services rendered had been done by the country office since 2013.

33. At Rwanda Country Office, the Board noted that the country office had not evaluated the services rendered by UNDP to determine the extent of compliance with standards as agreed in the SLA. This is contrary to para 8 of the SLA signed on 19 November 2015 that required the review of SLA for each calendar year to assess the quality and effectiveness of the delivery of common services arrangement which includes local security,

medical cares and all services under UN cares<sup>9</sup> and recommend remedial measures.

34. UN-Women stated that it has started a review of SLAs in different countries and will assess the need for additional clause on service assessment in that context. On a corporate level, there are areas where UN-Women has already established Key Performance Indicators (KPIs) in SLA with its service providers such as legal services, travel, treasury, benefits and entitlement and global payroll. For the remaining SLAs, UN-Women and UNDP will jointly establish KPIs to be incorporated in SLA signed at country office level. The establishment of these KPIs will take into account necessary benchmarks, best practices and capacity constraints at country level by fourth quarter of 2017.

35. While acknowledging management initiatives, the Board is of the view that lack of a clause that requires regular review of SLAs for Columbia Country Office and failure to perform assessment of services rendered under the SLAs implies that there is no basis for identifying deficiencies and addressing them to ensure UN-Women receives the best services.

**36. UN-Women agreed with Board's recommendation to (a) review the Service Level Agreement (SLA) with UNDP and incorporate a clause on mandatory assessment of the services rendered; and (b) regularly review SLAs and perform assessment of the services rendered in order to enhance best value of the services provided.**

## 5. Programme and project management

### *Weaknesses in the selection and assessment of implementing partners*

37. The Programme and Operations Manual (POM) requires the screening of potential partners to identify at least three candidate organizations to be shortlisted for capacity assessment. UN-Women offices are required to maintain implementing partners' mandatory documents and files that indicate justification for UN-Women's selection of a specific partner.

38. From the review of the implementing partner selection process at the six visited field offices, the Board noted the following deficiencies:

- (a) Four field offices did not perform comparative screening of NGOs to obtain the best three candidates for assessment. Instead the capacity assessment was based on one NGO which was later selected as implementing partner. Also, the Board noted one case at one country office where an implementing partner was engaged without being assessed and another partner at one regional office was engaged based on the assessment performed ten years ago by a country office in that region without re-assessing the partner's present capacity to deliver. This deficiency poses the risk of engaging a partner that lacks adequate capacities and expertise to implement the projects.
- (b) Three field offices did not maintain the mandatory documents for NGOs reviewed during the capacity assessments. The missing documents included registration documents, written financial and administrative rules and regulations, procurement and subcontracting

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<sup>9</sup> UN Cares is the programme which aims to reduce the impact of HIV in the UN workplace by supporting access to a comprehensive range of benefits like prevention, treatment, care and support for all personnel and their families.

rules, Standard Operating Procedures (SOPs) and external audit reports.

- (c) One country office did not follow the established template for capacity assessment as required under the Programme and Operations Manual. Instead, they used the template that was not detailed enough to include all the mandatory assessment questions. The assessment template was applied by the country office to only one out of 34 assessed implementing partners.
- (d) The assessment reports for all six field offices did not indicate the overall risk scores of the implementing partner after being assessed which would indicate the risk points and the implementing partner's overall risk assessments. This would have been the bases for either selecting or not selecting the partners.

39. The Board is of the view that inconsistencies noted in the assessment and selecting implementing partners poses the risk of engaging partners with inadequate capacity. These deficiencies would impede the implementation of projects and consequently the discharge of UN-Women's mandate.

40. UN-Women explained that it had finalized the revision of the POM in December 2016 which included development of a Call-for-Proposal process for an improved rigorous selection of implementing partners. In addition, they incorporated risk management components in the evaluation of the proposals.

41. The Board takes note of the UN-Women explanation regarding developments in the POM. However, the Board noted that its application had not been commissioned as at the time of audit in May 2017.

**42. UN-Women agreed with the Board recommendation to: (a) ensure the selection of the IPs is strengthened and the requirements of the POM on the selection process are adhered to; and (b) perform partners risk rating to identify the score for each implementing partner against the tolerable risk levels.**

*Determination of implementing partners support costs*

43. According to UN-Women Cost Recovery Policy and Procedures, UN-Women reimburses expenses and fees incurred by Implementing Partners (IPs) in the implementation of UN-Women funded programme activities from project resources. The applicable rates are negotiated between the parties and specified in the Project Work Plan or Project Budget. However, the current policy does not provide guidance on the basis or criteria to be used by UN-Women and its IPs in determination of the rates for support cost.

44. The Board reviewed records for 57 non-government partners with an annual budget of \$8 million at six UN-Women field offices and noted that the support cost rates allocated to IPs ranged from 1.4 to 26.4 per cent of the annual budget without indicating the basis used to determine those rates. At Rwanda Country Office, the Board noted that the support costs were reported as lump sum amount in the work plans without showing analysis of specific activities to be carried out.

45. The Board also noted that at Vietnam Country Office and Regional Office for Arab States, a total of \$28,610 was allocated as contingency funds to seven IPs with total budget of \$666,418 without specifying the expenditure codes contrary to para 4.3 of the Cash Advance Policy which requires description of the specific budget and expenditure codes.



46. UN-Women explained that as part of the overall revision of the Programme and Operations Manual (POM) in 2016, steps have been taken to strengthen the guidance and clarify the allowable support costs for Implementing Partners (IPs). UN-Women is carrying out a review of Project Cooperation Agreements which will cap the support costs of implementing partners to the current recovery rate of UN-Women in line with the UN-Women Cost recovery policy.

47. The Board is concerned that lack of guidelines that provide basis for charging support cost means that appropriateness of such costs charged on the programme cannot be confirmed. Also, the absence of guidance for determination of support cost increases the risk of arbitrary rates being used by IPs to establish support costs. In addition, the contingent funds in the budget without allocated expenditure codes create a risk of the funds being used by IPs on ineligible expenditures.

48. **The Board recommends that UN-Women (a) introduce guidance note to field offices for documenting the whole process of determining support cost rates with implementing partners, including the criteria or basis to apply when negotiating support cost rates; and (b) follow up with the field offices to ensure that budget and expenditure codes are specified for the contingent funds.**

*Implementation of Monitoring, Evaluation and Research Plan (MERP)*

49. Monitoring, Evaluation and Research Plans are essentially a calendar of major monitoring, evaluation and research activities of the office, and build on the information contained in the Strategic Notes and on their respective monitoring systems. The tool supports UN-Women's efforts to strengthen results-based-management (RBM) practices in alignment with the United Nations Development Group (UNDG) RBM principles.

50. At the six field offices visited, the Board noted that UN-Women did not complete monitoring, evaluations and research as planned for four offices. These offices planned to undertake a total of 28 researches, 11 evaluations and 32 monitoring activities for the years 2014-2016. However, 15 (54 per cent) researches, six (55 per cent) evaluations and 17 (53 per cent) monitoring activities that were planned to be done between 2014 and 2016 could not be implemented. The Board also noted that, the planned start and end-dates for the monitoring, research and evaluation activities at Rwanda Country Office were not clearly stated while at Jordan Country Office and Regional Office for Arab States the dates were not indicated. These deficiencies in recording projects information make it difficult to follow up on the implementation of planned activities (refer table III).

**Table III: Planned activities not performed**

<i>Field office</i>	<i>Research activities</i>	<i>Evaluation activities</i>	<i>Monitoring activities</i>
Rwanda	1 out of 1	2 out of 2	-
Cambodia	5 out of 8	-	16 out of 23
Jordan	3 out of 4	1 out of 4	-
Regional Office for Arab States	6 out of 15	3 out of 5	1 out of 9
<b>Total activities</b>	<b>15 out of 28</b>	<b>6 out of 11</b>	<b>17 out of 32</b>

Source: Field offices Monitoring, Evaluation and Research (MER) Plans for 2016.

51. UN-Women explained that the pro-rata implementation of planned evaluations increased from 76 per cent in 2015 to 85 per cent in 2016 and that during 2016 a new training module on the Monitoring Framework was designed as part of the Results Based Management (RBM) training package to improve monitoring and evaluation skills. UN-Women also attributed the delay in completion of the evaluation activities to changes in scope of the evaluations which required significant resources not originally envisaged and explained that some projects were postponed to 2017 due to project extension.

52. While acknowledging management responses, the Board is of the view that the noted deficiencies are mainly due to the failure to prepare the MERP in a clear and comprehensive manner to ascertain whether the field offices are on track with the planned activities. The Board is concerned that the delay in monitoring, evaluation and completion of researches may affect the process of collecting information relating to programme planning and weaken the efficiency of programme implementation.

**53. The Board recommends that UN-Women (a) take steps to improve the completion rate of activities under the integrated monitoring, evaluation and research plan in its field offices; and (b) ensure the Monitoring, Evaluation and Research Plans (MERP) identifies clearly the activities to be achieved with the proposed funding and set realistic target dates for starting and completing the activities under MERP.**

*Establishment of programme and field presence*

54. According to UN-Women Regional Architecture (UNW/2012/10) as approved by the Executive Board in its decision 2012/4, UN-Women has a decentralized structure with six regional offices, multi-country and country offices, country presences through a senior gender adviser and country presences through a project presence.

55. The Board reviewed the annual work plans and noted that Regional Office for Arab States had four programme presences in Lebanon, Libya, Syria and Yemen; and Colombia Country Offices with five field presences in Cauca, Meta, Antioquia, Narino and Choco. However, UN-Women had no policy or guidance note that governed the establishment and operations of programme and field presences. The Board also noted that two<sup>10</sup> out of six visited field offices had not documented their business cases to detail the budget analysis and source of funding, resources required for the programme presence, risk assessment performed before their establishment and; the exit and sustainability strategy for programme and field presence.

56. UN-Women explained that following the corporate evaluation on regional architecture, the Programme Division is in the process of developing the country presence assessment tool, that when completed will define the criteria for country presence. Upon completion and acceptance by the Executive Leadership Team (ELT), the tool will be rolled out accompanied by a policy and guidance on its application.

57. While acknowledging the initiatives in developing the assessment tool, the Board is of the view that UN-Women may not be able to achieve the expected results and to measure the performance of the programme and field presences due to lack of policy, guidelines and business cases governing the establishment of programme and field presence.

<sup>10</sup> Regional Office for Arab States and Colombia.

58. The Board recommends that UN-Women (a) expedite the development of policy and guideline which will clearly define the rationale for the establishment of the programme presence and management of programme and field presences; and (b) develop business cases for the already established programmes and field presences so as to suit the current needs and situation.

*Donor Reporting*

59. According to POM para 4.6.5 on Programme, Monitoring, Reporting and Oversight chapter; UN-Women Representatives and Regional Directors are responsible for timely and high quality reporting to donors for agreements under their authority. In February 2016, UN-Women established an online Donor Agreement Management System (OneApp) to enhance donor reporting and maintain a corporate database for all signed agreements with donors. This database also captures all reporting milestones and therefore assists with donor reporting notifications and alerts for upcoming reports due as well as reports that are delayed.

60. The Board reviewed the status of donor reporting submissions as of May 2017 as per the dashboard report (run date 2 June 2017) and noted that out of 473 donor reports that required submissions to donors during the period 28 February 2015 to 31 December 2016, a total of 68 (14 percent) donor reports were overdue for a period ranging from one to 672 days, 222 (47 percent) reports were delayed for a period ranging from one to 321 days while only 183 (39 per cent) were submitted on time.

61. The Board was informed that UN-Women concluded a business process review on Donor Reporting in May 2016 to improve efficiency and timeliness of reporting to donors, both narrative and financial. Webinars have been provided to the offices and regional offices focusing on the quality and consistency of the narrative donor reports. UN-Women also stated that it is strengthening the staff resources assigned to financial donor reporting and decentralizing the preparation of donor reports to regional offices, while oversight, review and management remained at headquarters. Staff capacity provided for financial donor reporting is being increased with the establishment of a virtual global service centre for donor reporting and project closure. The automation of financial donor reports was in progress, with stage one rolled out for testing expected in April 2017 and stage two under development and due for roll out by August 2017.

62. The Board is of the view that since reporting to the donors is a contractual obligation and forms part of the agreements, delayed and overdue reports may impair the credibility of UN-Women to donors and eventually affect future resources mobilization initiatives.

**63. UN-Women agreed with the Board recommendation to approve and submit the reports to donors within the timeframe to maintain sound relationship and future sustainable funding from the present and prospective donors.**

*Delay in closure of projects*

64. In its previous report (A/71/5/Add.12 para. 42) the Board raised concern over delays in financial closure of projects following operational closure. For the year ended 31 December 2016, the Board continued to note similar deficiency whereby 81 out of 225 (36 per cent) operationally closed projects were not financially closed on time as required by Rule 1703 of the Financial Rules and Regulations. As of 31 December 2016, UN-Women had a total of 212 projects (431 as at 31 December 2015)

which were not financially closed after operational closure, causing delays for a period of 11 months to 11 years.

65. UN-Women explained that it had developed a new automated tool, embedded within the ERP system, which will consolidate information required to expedite the operational and financial project closure process. They also stated that training on this automated tool will be done for its entity-wide implementation in 2017. In addition, to ensure the process is effectively implemented, the unit head position had already been recruited and each regional office will create a new position during 2017.

66. While acknowledging the improvements being made in the areas of project closure, particularly the development of an automated project closure tool for both operational and financial project closure, the Board awaits the completion and impact of these initiatives since the persistent delays in the financial closure of projects increases the risk of charging unrelated expenditures to the operationally closed projects. Also, the delay in financial closure of projects might delay the transfer of project assets to beneficiaries as well as the refunds or reprogramming of surplus funds.

**67. The Board recommends that UN-Women expedite financial closure of all operationally closed projects within 12 months of operational closure as required by the Financial Regulations and Rules.**

*Outstanding advances to Implementing Partners*

68. In its previous report (A/71/5/Add.12), the Board raised concerns on the long-outstanding advances to implementing partners contrary to paragraph 3 of Programmes and Operations Manual (POM) on cash advances to Implementing Partners (IPs). The manual requires the Project Manager to monitor advances on a systematic basis and to follow up on the missing financial reports in a timely manner and requires that advances to partners should not remain outstanding for more than six months.

69. Although the Board noted a decrease of the aged advances to \$3.5 million (\$5.2 million in 2015), these advances have been outstanding for a period ranging from 7 to 24 months contrary to the requirements of the Programme and Operations Manual. These advances comprised \$2.7 million issued to implementing partners and \$0.8 million to other UN agencies. With a considerable amount of advance still outstanding, the Board continued to note delays in submission of Funds Authorization and Certificate of Expenditure (FACE) at the four<sup>11</sup> out of six visited country offices for periods ranging from two to 307 days, and a delay by the Colombia Country Office in the liquidation of FACE forms in Atlas Enterprise Resource Planning System after the forms were submitted by the implementing partners.

70. UN-Women informed the Board that it has established a working group in mid-2016 for a six-month period to identify issues and solutions to further support the liquidation of advances and monitoring. Further, webinar trainings were provided to staff during 2016, including due diligence policy for write-offs of unrecoverable advances. Due to UN-Women's mandate to build capacity of its grass-roots partners, it has developed training for partners which is delivered over two days on the terms of the agreement and the required reporting and supporting

<sup>11</sup> Jordan, Vietnam, Colombia and Regional Office for Arab States in Egypt.

documentation. These measures have resulted in the significant reduction of aged advances from 2015 to 2016 by 32.7 per cent.

71. While acknowledging the achievements in reducing the aged advances, the Board still considers the outstanding advances needs improvement, therefore more efforts are required to reduce advances to the minimum acceptable level. The long outstanding advances increase the risk that funds might have been used for unintended activities.

**72. UN-Women agreed with the Board recommendation to enhance its accountability and monitoring of advances to implementing partners at the project level in order to ensure adequate recovery of such balances as deemed appropriate.**

*Submission of projects audit reports by global auditors*

73. Para 3 (1) of the audit approach chapter in the Programme and Operations Manual (POM) requires the project audits to be planned to start by fourth week of February following the audit year with the final audit reports submitted not later than 30 April. POM instructs that the action plans and audit reports be uploaded in the designated UN-Women extranet for easy accessibility. The long-term agreement with the global auditor requires the auditors to verify and validate the reported actions taken to address previous years' audit recommendations for the project.

74. At the time of audit (15 May 2017), the Board noted that only 170 out of 230 (74 per cent) of implementing partner's audit reports for 2016 expenses (per the audit plan) were uploaded in the UN-Women extranet for audit review while 60 (26 per cent) reports were not uploaded due to late finalization of the audits by the global auditor. Delays in availability of audit report reduces management and the Board's assurance over the outputs and the expenditure incurred by the implementing partners on projects, and reported in the UN-Women financial statements.

*Results of external audit reports on funds advanced to implementing partners*

75. From the review of external audit reports uploaded in UN-Women extranet for 60 projects executed in respect of 170 implementing partners with project expenditure of \$24.4 million, the Board noted that 16 (9 percent) had unqualified opinion, 138 (81 percent) had unqualified opinion with emphasis of matter, 13 (8 percent) had qualified opinion and three (2 percent) had adverse opinion. Out of audited projects' expenditures, the Board noted that \$0.63 million (2.6 percent of project expenditures) with adverse and qualified opinion relate to payments with no proof of delivery of goods and services to partners as well as ineligible expenditures as per project agreements between UN-Women and implementing partners. Also, the reports highlighted that emphasis of matter was mainly due to lack of procedures and policies by implementing partners, inadequate supervision at project level and inadequate monitoring by UN-Women country offices.

*Implementation and follow up of prior year's projects audit recommendations*

76. The Board reviewed implementation of projects prior year's recommendations issued by the global auditor and noted that, a total of 587 recommendations were issued during the period from 2012 to 2016. From the status of implementation report extracted from the extranet on 15 May 2017, 320 (55 per cent) were implemented, 73 (12 percent) were in

progress, 111 (19 per cent) were withdrawn/not applicable anymore, 17 (3 per cent) were not implemented and 66 (11 per cent) did not indicate implementation status. The Board found that verification on the status of implementation of the recommendation as indicated by management was not done by the global auditor for all audit recommendations, instead, the audit comments on implementation status for 55 out of 587 (nine percent) recommendations were given by UN-Women audit coordinator and pertinent UN-Women project managing field office. The Board considers updating recommendation status without the involvement of auditors is a management self-review and may not yield an independent result of assessments.

77. The Board considers that the noted weaknesses are mainly due to lack of a comprehensive computerized system for planning, coordinating and monitoring project audits and not assigning and use for each partner an implementing agent code (IA code) in the Atlas chart of accounts. Use of implementing agent code would enable UN-Women to use and leverage on the already developed and well tested systems used by sister agencies that are interfaced with Atlas and allows a more efficient computerized system to support project's audit planning, coordination and monitoring.

78. The Board is concerned that if issues are not properly addressed they may create a risk of errors and misstatements in the financial statements as well as frauds at the project level. The Board is also of the view that UN Women needs to enhance the Audit Coordination Unit capacity to ensure that it support effectively the oversight functions in UN-Women.

79. UN-Women stated that as of 13 April 2017, it had already taken action on the IP with adverse opinion and has received from that partner refund of \$311,790 which is 49 per cent of the total amount of \$633,523 cited as the basis for the adverse and qualified opinion. UN-Women stated that it takes seriously negative opinions received from project audits and take immediate action to address and follow-up from all partners on the resolution of all audit issues and recommendations.

80. UN-Women further explained that it has started reviewing the implementation of the IA code during 2017 and this would be phased in for all new projects as past advances need to be liquidated to the same chart of accounts as issuance. The IA code will allow for easier review of expenditure by partner where the IA code is included in the chart of accounts. Any inaccuracies in the chart of accounts will understate expenditure by partner, so this will need to be monitored. UN-Women (i.e., Finance Section, Programme Division and IST Section) will review other entity automations to see if UN-Women can leverage from these once all advances and liquidations fully use the IA code.

**81. UN-Women agreed with the Board recommendation to (a) consider the use of implementing partner agent code in the chart of accounts for Atlas to enhance efficiency and effectiveness; (b) work closely with the global auditors to review the audit process to ensure that project audit reports are submitted timely; and (c) enhance the capacity of the Audit Coordination Unit to ensure that it supports effectively the oversight function in the organization.**

## 6. Asset management

### *Weaknesses in assets handling, controls and disposals*

82. According to para 3 of the Asset Management Chapter, asset management involves accurate registration of assets in Atlas and the continuous monitoring of the Asset Register by using the Asset In-Service Report (ISR). By maintaining accurate and current records, the security of assets is strengthened for both management and external reporting.

83. From physical verification of assets, and the review of the ISR Asset Certification memo and Asset Disposal report, the Board identified the following anomalies which need management intervention for improvement:

#### *(i) At Rwanda Country Office:*

- (a) The physical locations of all assets were different from locations indicated in ISR highlighting that ISR was not updated each time the assets were relocated.
- (b) Out of the 41 assets verified, 16 (39 per cent) with a total cost of \$23,256 and net book value of \$11,806 had same tag numbers.
- (c) Three vehicles (with ID Nos 65, 89 and 235) were tagged using the asset ID instead of their plate numbers as required under para 3.3 of the POM on asset management.
- (d) Assets with a cost of \$21,916 (Net book value \$2,108) comprising cameras, desktop computer and working desks were lost but the office did not investigate the loss as required under para 3.5.4.1 of the POM.

#### *(ii) At Arab states Regional Office:*

- (a) Asset ID No. 235 acquired by the regional office on 28 June 2015 at a cost of \$1,936 is shown in the register as asset in use since 28 June 2015 although it was never put in use due to change of needs. Tag number for asset ID No. 216 was incorrectly recorded as serial number.
- (b) 17 (15.7 per cent) assets with total cost of \$193,661 (Net book value \$132,864) were inconsistently tagged using Atlas ID instead of alpha-numeric tags.
- (c) The assets purchased in 2016 with a cost of \$11,228 and Net book value of \$9,438 included a total tax of \$1,019, but the office did not claim for refund from tax authorities in accordance with the host country agreement which exempted UN organization from such taxes.

84. UN-Women stated that it has provided guidance and training to Rwanda Country Office and Arab States Regional Office on the disposal procedures, the delegation of authority in line with remaining net book value of the assets and the accounting and treatment of tax. In addition, the Rwanda Country Office carried out an additional physical verification exercise for assurance and is now in the process of creating physical locations in Atlas. In Arab states, the asset purchased but not used was purchased to be used to divide space in the new premises for staff and consultants. During the implementation of the proposed layout, changes were made and the asset was stored for future use. UN-Women plans to take additional measures to strengthen the capacity which will provide

additional resources for carrying out increased regular training and capacity building initiatives at the field offices.

85. The Board is of the view that inconsistent use of tag numbers contrary to the assets guidelines may not serve the oversight and control purposes. Also, for the purpose of control, assets location should be presented consistently in both ISR and physical location. Further, the failure to claim taxes means that the country office is not enforcing the requirements of United Nations Convention which provides that all UN agencies are exempted from all forms of government taxes; and thus made the tax ineligible cost to the assets. Moreover, assets need to be procured during implementation stage not shortly after designing, to reduce risks of change in layout.

86. **The Board recommend that UN-Women field offices (a) minimize errors by strengthening asset management function through improvement of the internal check system; (b) exclude taxes when recording the asset in the system, and claim tax refund from the government, (c) update assets register with the current physical locations of all presented assets so that they can be traced reliably, and (d) ensure that the write off of lost assets follows the guidelines of the Programme and Operations Manual (POM) by investigating and documenting the results from disposal arrangements.**

## 7. Human resources and payroll management

### *Delay in submission and approvals of leave requests*

87. UN-Women uses the Atlas eService programme for the application, registration, tracking and monitoring of leave. Staff members request leave through eService, approved by respective supervisors and the leave balance for each staff member is calculated to obtain the leave liability at the year end.

88. In its previous report (A/71/5/Add.12 para. 70), the Board raised a concern on delays in submission of leave requests by staff members and approvals by their respective supervisors. During the year ended 31 December 2016, the Board continued to note similar cases. From review of all 4,953 annual leave requests which were approved from Atlas, the Board noted that submission of 696 leave requests to supervisors for approval were delayed by staff members for a period ranging from one to 440 days, while 688 requests were submitted for approval after the staff members had already taken their annual leaves. Further, approval of 1,476 leave requests were delayed by the supervisors for a period ranging from one to 465 days, meaning that staff members took their leaves without approvals from their respective supervisors.

89. While acknowledging UN-Women's efforts to address the shortfall by issuing updates on the leave management process and inclusion of most leave types in eService, conducting webinars, dissemination of training materials and specific communication to all staff, and introduction of leave monitors as well as monthly reminders to users, the Board is of the view that UN-Women approval initiatives to ensure timely submission and approval of leave needs to be complied with. The Board considers that the delays in submission and of leaves might lead to incorrect leave balances at the end of reporting periods.

90. **UN-Women agreed with the Board's recommendation to ensure compliance with the automated leave management system in place**



**through Atlas to enable timely submissions of leave requests by staff members and subsequent approval by supervisors.**

*Performance assessment delays*

91. The Human Resources chapter of Programme and Operations Manual on performance management requires performance planning for Fixed Term Appointment and Permanent Appointment staff to be done between January and February and the deadline is 28/29 February. The Mid-year review is to be done between June and July and the deadline is 31 July, and Annual Performance Assessment is to be done between December and January and the deadline is the end of February.

92. The Board noted that the performance appraisals for all Fixed Term Appointment staff and Permanent Appointment staff at the country offices of Rwanda (six staff), Cambodia (five staff), Vietnam (six staff), Colombia (nine staff), Jordan (seven staff) and Regional Office for Arab States (24 staff) for the period of January 2015 to September 2016 were either delayed at the performance planning, mid-year review and final review stages for a period ranging from one month to nine months or not performed at all.

93. UN-Women stated that it launched an online dashboard with real time statistics in 2016 to facilitate the monitoring of compliance with Performance Management and Development (PMD). This dashboard coupled with detailed reports on individual compliance enables management to send regular reminders to supervisors and staff regarding adherence to the Performance Management and Development process and the deadlines for completion of the milestones for performance review.

94. Despite the introduction of dashboard for monitoring PMD, the Board noted that the rate of compliance with timelines was still not satisfactory. The Board considers that open dialogue by employees and supervisors is important and will help to understand challenges faced, strengthen staff-supervisors' relationship and provide necessary feedback to management for overall performance improvement.

**95. The Board recommends UN-Women ensure that staff performance reviews are done in compliance with the requirement of the POM.**

**8. Travel management**

*Delay in travel arrangements and liquidation of travel requests*

96. Para 2.7 of the Duty travel POM requires travel requests to be submitted to the Headquarters or Field Unit processing travel at least 15 working days before the date of travel. Also, para 5 of the same chapter requires travel claim (F-10) to be submitted within two weeks from completion of travel and should be accompanied by original air ticket, receipts for all additional claimable charges, and mission reports.

97. At five out of the six field offices visited, the Board noted that 164 (87 per cent) out of 188 travel requests were submitted to the processing unit within 15 days prior to the date of travel. The Board also noted that liquidation of 137 (39 per cent) out of 349 F-10 forms were delayed for more than two weeks after completion of their respective travel missions. For example, at Colombia Country Office, claims for 60 travels were not yet submitted for settlement as of 30 October 2016, making them

outstanding for a period ranging from three to 585 days. In addition, two of the authorized travels at this field office were not in the mission plans<sup>12</sup>.

98. UN-Women stated that in late 2016, it has developed a corporate travel monitoring application in the dashboard. This application captures outstanding travel entries by region and by country, which can be drilled down to a specific outstanding activity. The new application serves as an oversight and monitoring tool for better management of the travel function. Furthermore, as part of the monthly certification process, the country offices are required to certify the outstanding Travel F10 claims. The Board acknowledges the efforts instituted by UN-Women late in 2016 in attempt to improve travel processing.

99. The Board considers that delays in submission and approving of travel request forms might lead to last minute air ticket bookings which might attract higher fares thus hinder UN Women from possible savings that could have resulted from early booking of travel tickets. Moreover, deficiencies noted were for travels which were known before and were included in quarterly travel plans and not ad-hoc travels.

**100. The Board recommends that UN-Women field offices (a) comply with the travel policy requirements so as to make use of the possible savings that may result from early booking of travel tickets, and (b) ensure early liquidation of F-10 forms after travel mission by introducing enforcement mechanisms to enable timely liquidation of travel advances.**

## 9. Information communication and technology (ICT)

### *Job descriptions of IST staff and inadequate segregation of duties*

101. UN-Women Information Services and Telecommunications (IST) department has an organization structure which provides definition of department's hierarchy and authorities. UN-Women Internal Control Framework explains that there must be a segregation of duties in order to implement an appropriate level of checks and balances on the activities of individuals.

102. The Board reviewed the IST organization structure, job descriptions as well as actual operations and noted the following deficiencies:

- a. The job description of the ICT specialist (P-3) who is in charge of ICT Infrastructure Unit had the responsibilities and technical expertise of incumbent which are no longer applicable due to changes in technology and IT Environment of UN Women;
- b. The job description of the ICT Associate (G-6) shows that the staff reports to the Chief, Office of Information Systems and Communications. This setup does not reflect the actual situation where this staff reports to the in-charge of ICT Infrastructure Unit.

103. Furthermore, the Board reviewed user access provisioning in OneApp and noted that there was no interface which application business owners can use to grant access to users according to the roles in those systems. Instead the business application owners submit requests for user

<sup>12</sup> Mission plan refers to a trip plan which indicates the nature of trips employees are expecting to take, number of days and expected travel and return dates.

access provisioning through email to IST system developer who has all roles in the system to provide user access through the back end (direct in the database). Also, two out of 770 users reviewed had double accounts. There was no procedure in place to provide guidance on regular review and update of the job descriptions to reflect the technological changes and existing roles and responsibilities.

104. UN-Women stated that it has initiated the review of job descriptions of IST staff and that, development of a user access in a controlled fashion has been completed and was rolled out into production on 8 June 2017. They further stated that two users with double accounts will be cleaned up; and the office will also coordinate with Human Resources Section to review and update the job descriptions accordingly.

105. The absence of segregation of duties and interface with controls for user access provisioning might result in unauthorized or erroneous changes or modifications of data, user access and programme which could not be easily detected. Furthermore, non-availability of updated job descriptions might result in inadequate ICT controls environment due to changes in roles and responsibilities emerging from technological changes which are covered by the job description.

**106. The Board recommends that UN-Women (a) review job descriptions of IST staff on periodic basis to provide complete and clear direction regarding the roles and responsibilities of each staff in accordance with actual ICT services and support; and (b) develop an interface which to be used by application business owners for user access provisioning in One App with segregation of duties.**

*Weakness in ICT asset disposal process*

107. Section 5.4.3 of UN-Women ICT Headquarters Asset Handling Work Instructions explains that disposal of ICT asset requires documentation of the process for destroying data, the specifications, the processor type, computer memory and the size of the hard disk of the computer followed by handing-over of the equipment and sending the Disposal form to Facilities and Administrative Services (FAS) for physical disposal of the equipment.

108. The Board found that UN-Women disposed of a total of 191 ICT storage devices in February 2016 without documentation of the process of destroying data or report which could show list of assets storage devices wiped-up prior to the disposal. The missing documentation included device detailed information, person who performed data wipe, data wipe date and its status.

109. UN-Women stated that after ICT equipment wiping process a temporary sticker was placed to identify computers which were wiped; however, the Board found no report or documentation prepared to record all assets which were wiped before their disposal. UN-Women also stated that they will implement a new process for documenting data wiping by third quarter of 2017. As part of IST's on-going improvements, early 2017 UN-Women established a process for destruction of data media in Headquarters and formalized it in form of a written work instruction.

110. The absence of records including documentation on destroying data limits the ability for management and independent reviewer to evaluate the effectiveness of wiping process before the disposal of assets. If the process of disposal of ICT assets is not properly followed, there is a risk of unauthorized access to information or configuration of network equipment

since the assets might be disposed of through donation or sale to staff or other users.

**111. The Board recommends that UN-Women (a) document the processes used to destroy data before the disposal of its ICT asset; and (b) record details of each destroyed data storage device, verify and approve the action taken.**

*Inadequate management of user access and gateway protections*

112. From the review of 1407 Atlas ERP finance active users, the Board noted that three users had double user accounts. Also, 33 out of 117 separated staff in the year 2016 were still having access to the UN-Women intranet as of May 2017 which includes emails, internal sharing of information (SharePoint) and internal business applications.

113. Further, the Board noted that 51 (86 per cent) out of 59 field offices were not part of centralized corporate managed gateway protection system and the central ICT function was not aware of the situation in those field offices regarding firewalls, intrusion detection and protection systems. This is contrary to section 3.5 of a guideline on ICT function in offices away from Headquarters that requires field offices to receive important information about global ICT changes that may impact field office, and make the central ICT function aware of field local situation.

114. UN-Women stated that, the existence of separated employees in the systems resulted from lack of formal process for managing users' access. Such a process could include enforcement mechanism on contract termination or change of duties. Also, lack of a centralized gateway protections system in the field office and details from field offices at the central ICT function resulted from lack of dedicated staff with such roles at Corporate ICT to coordinate with field offices.

115. The Board considers that the active user accounts for terminated staff pose the risk of unauthorized access to UN-Women information. In addition, duplicate user accounts increase the risk that unauthorized users could modify or delete files created by another user and thus destroy the user history and the related information. Further, lack of a centrally managed protection system could make UN-Women vulnerable to cyber-attacks.

**116. The Board recommends that UN-Women (a) finalize the development and implement formal procedures to grant, revoke and monitor logical access for all ICT systems; (b) review and remove or disable all user accounts for former staff that separated from UN-Women; and (c) strengthen country offices assessment tool to include country office compliance with ICT standards to enforce field offices to provide information about local situation and details on gateway protections to central ICT function for support from corporate ICT**

**C. Disclosures by management**

**1. Write-off of losses of cash, receivables and property**

117. In accordance with regulation 21.1, UN-Women informed the Board that losses of receivables were written off in the amount of \$447,778.

**2. Ex gratia payments**

118. In accordance with regulation 20.6 of its financial regulations and rules, UN-Women informed the Board that no ex gratia payments were made in 2016.

**3. Cases of fraud and presumptive fraud**

119. UN Women informed the Board that eight cases of alleged fraud were under investigation as at 31 December 2016, as described further below.

- a) During 2016, thirteen cases of fraud were reported to the Office of Audit and Investigation. As at 31 December 2016, five of these cases were closed after an initial assessment, one case was closed after an investigation and unsubstantiated, and one case was closed after an investigation and substantiated (\$1,697). Six cases remained open.
- b) Five cases of fraud reported in 2015 were carried forward in 2016. As at 31 December 2016, one of these cases was closed and substantiated (\$28,360), two were closed and unsubstantiated, and two cases remained open.
- c) One case of fraud reported in 2014 was carried forward in 2016. This case was closed and unsubstantiated in the third quarter of 2016.
- d) One case of fraud reported in 2013 was carried forward in 2016. This case was closed and unsubstantiated in the first quarter of 2016.

120. UN-Women informed the Board that the abovementioned information is provided on the understanding that the Office of Audit and Investigations categorize "fraud and presumptive fraud cases" as those with a potential financial impact relating to Procurement Fraud, Theft and Embezzlements and Entitlements Fraud. In 2016, the Board did not identify any cases of fraud, other than those that were reported to the Board and adequately disclosed in the notes to the financial statements.

**D. Acknowledgement**

121. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Executive Director and her staff.



Shashi Kant Sharma  
Comptroller and Auditor General of India  
Chair of the Board of Auditors



Mussa Juma Assad  
Controller and Auditor General of the  
United Republic of Tanzania  
(Lead Auditor)



Kay Scheller  
President of the German Federal Court of Auditors

## Annex

## Status of implementation of recommendations up to the year ended 31 December 2015

No.	Audit report year	paragraph reference	Recommendations of the Board	UN-Women response	Board's assessment	Status after verification			
						Implemented	Under implementation	Overstated	Not Implemented
1	2012	70	(a) Ensure that the positions held by service contract holders are filled on a timely basis by personnel on staff contracts; (b) assess the current status of staffing at all levels and the impact on the performance of programmes and find a means of creating a database of prospective applicants who can be recruited to fill vacant posts in a timely manner; (c) institute a follow-up process for officers returning from official travel so that they submit travel claim forms within the specified time.	A service contract is a valid contractual modality and will be used for functions that qualify for a service contract. Adequate guidance is provided to offices to ensure appropriate use of service contracts. The Service Contract user guide (UNDP) was amended effective 1-Jul-2016 and UN Women offices are using the new Guide which further clarifies the subject of proper use of service contract. Further, the Atlas travel approver functions have been decentralized to the different Sections/Divisions within UN-Women	The Board verified the guidance issued to the country offices regarding the appropriate use of the service contracts and therefore close the recommendation	X			
2	2013	16	Strengthen its resource mobilization activities by expanding and diversifying its resource base through: (a) strengthening and expanding partnerships with bilateral and multilateral donors; (b) developing regionally based fundraising expertise; and (c) approaching socially responsible private sector entities, women's	Provisional revenue figures for 2016 indicate that UN Women received USD 327,352,866 from existing and new donors, a four per cent growth from 2015. The average annual growth rate since 2012 has been 9.5 per cent, the fastest pace of sister agencies albeit from a low base.  In 2016, core contributions from Member States amounted to	The Board recognizes the efforts of UN-Women to enlarge its donor base and part (b) of the recommendation which was outstanding as at 31 December 2015 is considered implemented and closed	X			

No.	Audit report year	paragraph reference	Recommendations of the Board	UN-Women response	Board's assessment	Status after verification			
						Implemented	Under implementation	Overtaken	Not Implemented
			groups and individuals.	<p>141,660,491, and four donors provided over USD 10 million in core UN Women counted 195 donors in 2016, of which 111 were Member States, 43 were new donors, and 26 were returning donors.</p> <p>Non-core funding recently outpaced growth in core resources and has doubled since 2012 and allowed a 40 per cent increase in programme activity over the last two years since 2014.</p> <p>In terms of total contributions, 41 member states increased their contributions with 9 countries at least doubling. Four donors surpassed the USD 20 million mark (Sweden, Japan, the UK and Switzerland) and ten donors passed the USD 10 million mark (the former plus Australia, Finland, Norway, the Multi-Partner Trust Fund (MPTF), the USA and the Netherlands. Income from other sources than member states and the UN System almost doubled in 2016 reaching 14 Million of which 37 per cent came from direct contributions from corporations and corporate foundations, 33 per cent from National Committees, and 12 per cent from foundations. Income from National Committees grew from 1.7 million in 2015 to 4.6 million in 2016, of which</p>					



No.	Audit report year	paragraph reference	Recommendations of the Board	UN-Women response	Board's assessment	Status after verification			
						Implemented	Under implementation	Overtaken	Not Implemented
				2.3 million came through corporate donors to utilize related tax exemptions.					
3	2013	51	(a) Enhance its monitoring of advances to implementing partners to verify the correct use of the funds for achieving results and expected outputs; and (b) identify problems and implement necessary corrective actions with its partners where there are long-outstanding balances at the end of the period (6 months for implementing partners and 12 months for trust fund grants), including recovery of such balances as appropriate.	- UN-Women initiated a working group to improve the process of liquidation of aged advances. As a result, a significant decrease in long outstanding advances has been observed in 2016. As at 31 December 2016, aged outstanding advances to partners older than 6 months were 34.8% lower than 2015 (2016 \$3.5m; 2015 \$5.4m). Webinars to all staff across the organization were provided on risk assessment, FACE form and liquidations, and due diligence process for write-offs or unilateral liquidations in 2016. Corporate training material for training of partners was finalized in mid-December 2016.	UN-Women enhanced its accountability through establishment of the working group to improve the liquidation process and webinars training were provided across the organization.	X			
4	2013	61	UN-Women agreed with the Board's recommendation that it continuously monitor and perform financial closure of all operationally closed projects within 12 months of operational closure as required by its financial regulations and rules.	The automated Project Closure tool is currently in User Testing phase and is on schedule to be released by mid-2017. The updated checklist was released in April 2017. Both of these actions will greatly clarify and assist with the timely closure of projects.	The Board recognises the measure taken to automate tool and dedication of additional staff for project closure which led to a decline of project not closed, including closure of project that were outstanding in 2013. While closing the recommendation based on the actions taken and their results, the Board has included additional recommendation on this area for	X			

No.	Audit report year	paragraph reference	Recommendations of the Board	UN-Women response	Board's assessment	Status after verification			
						Implemented	Under implementation	Overlaken	Not Implemented
					additional measure to fully address the issue of projects closure.				
5	2013	72	UN-Women agreed with the Board's recommendation that it provide adequate support to the field offices in order to enhance staff capacities in procurement procedures, including the management of contracting individual consultants and contractors in line with the existing guidelines, and monitor their compliance.	Procurement delivered 3 regional trainings on the procurement processes including the review and approval procedure of Special Service Agreements (SSA) contracts.  A series of improvements have been implemented including updating the new delegation of authority with specific clarifications and guidance on the use of consultants and contractors, update of the procurement manual on the thresholds for procurement review committee, in April 2017 the entire management of consultants was transitioned from procurement to Human resources and establishment of the new Associate role in HR to specifically strengthen the capacity in the area of consultancy management and the recruitment has been finalized. This will also contribute towards strengthening oversight	The Board assessed the implementation level and agreed with the steps taken by UN-Women and closed the recommendation	X			
6	2014	15	UN-Women agreed with the Board's recommendation that it ensure that (a) all relevant data are available at the time of the preparation of the annual	The 2016 Data Companion shows that 94 per cent of regional/multi-country/country Strategic Notes have baselines and 97 per cent with targets. This shows an improvement from 2015	Despite the noted achievement reported in 2016 Strategic Notes, the weaknesses continued to be noted in the visited field offices during the 2016 audit and in some		X		

No.	Audit report year	paragraph reference	Recommendations of the Board	UN-Women response	Board's assessment	Status after verification			
						Implemented	Under implementation	Overtaken	Not implemented
			Workplan; and (b) all field offices establish baselines and targets for all expected outputs, outcomes and indicators in the annual workplans as required by the programme and operations manual.	which was 87 per cent with baselines and 95 per cent with targets.	cases the baselines and targets had no identified sources				
7	2014	38	The Board reiterates its recommendation that UN-Women (a) enhance its accountability and monitoring of advances to implementing partners at the project level by verifying the correct use of the funds and the achievement of results and expected outputs; and (b) identify problems and implement the necessary corrective actions with its partners with long-outstanding balances at the end of the period, including recovery of such balances as deemed appropriate.	UN-Women initiated a working group to improve the process of liquidation of aged advances. As a result, a significant decrease in long outstanding advances has been observed in 2016. As at 31 December 2016, aged outstanding advances to partners older than six months were 34.8 per cent lower than 2015 (2016 \$3.5m; 2015 \$5.4m). Webinars to all staff across the organization were provided on risk assessment, FACE form and liquidations, and due diligence process for write-offs or unilateral liquidations in 2016. Corporate training material for training of partners was finalized in mid-December 2016.	The Board recognises measure taken through the establishment of working group and provision of webinar training in the organisation which reduced the outstanding balance from \$5.4 million to \$3.5 million. Based on actions taken, the Board closes the recommendation. The Board highlighted in the present report actions for UN Women to ensure further improvements on outstanding advances.	X			
8	2014	44	The Board recommends that UN-Women (a) enhance its efforts in liquidating the long-outstanding advances with implementing partners; and (b) ensure that adequate monitoring of	This audit recommendation relates specifically to the provision for impairment of advances to partners which increased from \$3.9 million in 2013 to \$6 million in 2014. The policy for the Impairment calculation was	The Board takes note of the introduced policy on impairment and has verified that the outstanding advances in question were liquidated. The Board noted recurring cases of advance to IPs,	X			

No.	Audit report year	paragraph reference	Recommendations of the Board	UN-Women response	Board's assessment	Status after verification			
						Implemented	Under implementation	Overtaken	Not Implemented
			implementing partners is conducted by the field offices.	revised in 2015 and this resulted in significant reduction in the aged advances.	and therefore, while closed this recommendation based on action taken so far, provided recommendations for additional measure in the present report.				
9	2014	50	The Board recommends that UN-Women expedite the process of revising its Programme and Operations Manual so that the existing policies and guidance on the capacity assessment processes of Government partners and the capacity assessment of the financial and administration capacity aspects of an implementing partner are enhanced.	The POM revision that includes guidance on the selection of partners is now complete. It includes the use of the Call for Proposals (CFPs) for NGOs, academic institutions and registered community-based organizations and improving the capacity assessment tool checklist) as well as guidance for the selection of government partners, other UN agencies and non-UN intergovernmental organizations.	UN-Women have finalized and approved the programme and operations manual and guidance on the section of partners included.	X			
10	2014	59	UN-Women agreed with the Board's recommendation that it improve its monitoring and control of special service agreements by developing and maintaining an integrated computerized system at the corporate level, in order to obtain centrally the real-time information for all workforces.	HR and IT have finalized the development of an integrated Personnel Validation System which comprises all personnel data, including Special Service Agreements (SSAs). This system will provide accurate and up-to date data on personnel and in particular, the data related to non-staff personnel contracts will be reviewed and validated regularly by responsible focal points in each office/country office. The roll out of the system has already started. HR and IT have successfully finalized the roll out	Recommendation is Implemented	X			

No.	Audit report year	paragraph reference	Recommendations of the Board	UN-Women response	Board's assessment	Status after verification			
						Implemented	Under implementation	Overtaken	Not Implemented
				the new Personnel Validation system to all UN Women offices					
11	2014	66	The Board recommends that UN-Women (a) work closely with project auditor(s) to ensure that all project audit reports are submitted before 30 April of each calendar year; (b) consider developing a computerized system that will improve on the efficiency and effectiveness of reporting and monitoring the status of implementation of the project audit recommendations; and (c) work closely with the implementing partners to address the weaknesses identified in the project audit reports, with emphasis on those partners with repeating errors or findings.	All the 2014 audit reports have been submitted for the projects/partners included in the 2014 audit plan. UN-Women emphasized to its global auditors that it had complied with recommendation that the 2015 project/partner audit reports be submitted on or before 30 April 2016.	Any delays in submission of audit reports for succeeding year were exceptionally allowed because the Global Auditors were actually requested to delay the original schedule for audit.	X			
				Action plans for the implementation of audit recommendations were submitted using the SharePoint system.					
				The results of the audits of partners are used as one of the inputs for the training of partners.					
12	2014	72	UN-Women agreed with the Board's recommendation that it review and test its disaster recovery plan and thereafter implement a comprehensive disaster recovery plan that will accommodate the entire information system.	Disaster recovery plan has been fully updated and disaster recovery plan tests have been conducted.	The recommendation is implemented	X			

No.	Audit report year	paragraph reference	Recommendations of the Board	UN-Women response	Board's assessment	Status after verification			
						Implemented	Under implementation	Overtaken	Not Implemented
13	2014	79	UN-Women agreed with the Board's recommendation that it (a) review and update its change management standard and establish system development life cycle standards as an integrated standard document that reflects all required processes; (b) review its information system acquisition, development and implementation processes and strengthen related standards and guidelines for each stage of the process; and (c) improve information and communications technology project management and change management by strengthening the formulation of project proposals or change requests.	<ul style="list-style-type: none"> <li>• A new change control system has been implemented</li> <li>• A new project document management system has been implemented in the Intranet subsite for IST Projects.</li> <li>• "Standard on Information Technology Change Management" has been revised.</li> </ul>	The Board acknowledges the Management initiatives and regards the recommendation as implemented.	X			
14	2015	13	(b) (i) Enhance clarity on the due diligence process for writing off unrecoverable advances; (ii) ensure project managers prioritize long-outstanding advances as a financial risk area; and (iii) enhance training for staff and implementing partners on understanding the terms and conditions of signed project	<p>UN-Women has POM in place for write-off of unrecoverable advances including due diligence procedures.</p> <p>Accountability for long outstanding advances has been included in the Key Performance Indicators for the Programme Division as part of the new Bureau Annual management plan.</p> <p>UN-Women took a number of corrective actions in 2015 such as: recurrent staff</p>	The Board acknowledges management effort and the recommendation is implemented.	X			

No.	Audit report year	paragraph reference	Recommendations of the Board	UN-Women response	Board's assessment	Status after verification			
						Implemented	Under implementation	Overtaken	Not Implemented
			cooperation agreements, the use of funding authorization and certificate of expenditure forms and policies on cash advances and other transfers to partners;	webinar trainings on policies and FACE form use to all offices and sections; training visits to 10 country offices, train the trainers in five regional offices of West and Central Africa, Arab states, Eastern and Southern Africa, East and Central Asia and Latin America and Caribbean; high priority on addressing the liquidation of long outstanding partner advances; policy amendment on Cash Advances and Transfers to Partners to include due diligence on liquidation of unrecoverable advances; and implementation of an automated aged partner advance reports in 2016 available for all offices and sections which will enhance offices follow up.					
15	2015	18	(a) field-based evaluation plans are prepared in a realistic manner so that cancellations or postponements in crisis situations are minimized or avoided; (b) it finds a way to address the challenge of sourcing qualified national consultants so that an adequate number of planned field-based evaluations are carried out; and (c) the approved evaluation plans of country offices are fully implemented	(a) IEO in coordination with regional offices and Programme Division has worked to improve the relevance of evaluation topics. Implementation of planned evaluations has been monitored through the Global Evaluation Accountability and Tracking of Evaluation System (GATE) while quarterly updates on the status is reported to field offices through the Global Evaluation Oversight Dashboard (GEOS) dashboard. Further, a global evaluation plan has been developed to facilitate better coherence and track	The Board acknowledges the way evaluations were planned in 2016 and the increasing implementation trend of planned evaluations, and regard the recommendation as implemented.	X			

No.	Audit report year	paragraph reference	Recommendations of the Board	UN-Women response	Board's assessment	Status after verification			
						Implemented	Under implementation	Overtaken	Not Implemented
				<p>implementation of planned evaluations in a more systematic manner. With regards to the point (b) UN Women IEO has launched in 2015 a publicly accessible Gender Evaluation Consultant Database (GECD) (<a href="http://evalconsultants.unwomen.org">http://evalconsultants.unwomen.org</a>) with the aim to connect qualified consultants with UN-Women offices in need of gender-responsive evaluation expertise. c) Implementation of planned evaluations in 2016 has shown steady improvement over previous year (71 per cent in 2014, 76 per cent in 2015 to 84 per cent in 2016). The trend for the last three years shows a positive trajectory towards the target of 95 per cent in 2017 (2016 Annual Report of the Evaluation function to the Executive Board). In line with the different systems established and the overall progress noted in all key performance indicators for the evaluation function, we consider the three proposed actions as implemented.</p>					
16	2015	22	<p>UN-Women strengthen asset management controls in the field by: (a) continuing training on the management of assets to address the deficiencies identified; (b) provide central oversight reviews on a monthly basis of asset</p>	<p>Training and SOP materials are continuously provided to asset focal points, procurement associates and other users. Monthly reconciliation of the PP&amp;E interface files, system journal entries and a monthly review of the asset</p>	<p>Part (a) of the recommendation is considered implemented while recommendations (b) and (c) are still under implementation. The related deficiencies continued to be noted in 2016 audit cycle. Further, still there are assets in</p>		X		



No.	Audit report year	paragraph reference	Recommendations of the Board	UN-Women response	Board's assessment	Status after verification			
						Implemented	Under implementation	Overtaken	Not Implemented
			management reports to ensure that serial numbers are correctly entered; and (c) investigate why Atlas module software controls could not prevent the occurrence of duplicate serial numbers within the same business unit.	register are being conducted. UN-Women has significantly reduced the number of assets without serial numbers by reviewing the asset register on a monthly basis centrally and following up with all country offices to update serial numbers in Atlas asset register. UN-Women continue to work with the country offices to ensure that all assets are updated accordingly.	ISR with no serial numbers.				
17	2015	26	UN-Women agreed with the Board recommendation to revisit and review the current Programme and Operations Manual (POM) to reflect the changes of practical application of the useful life policy for leasehold improvements.	The asset Management POM was revised to reflect the application process of the policy with respect to the capitalization and accounting of leasehold improvements. This was approved by the DMA Director on 12 September 2016.	POM with regard to leasehold improvements was reviewed and finalized. The recommendation is implemented.	X			
18	2015	31	UN-Women agreed with the Board's recommendation to improve the capacity assessment procedures for engaging IPs by obtaining, reviewing and retaining the relevant documents (as per the assessment criteria) so as to avoid the possibility of engaging IPs with inadequate capacity.	The POM revision that includes guidance on the selection of partners is now complete. It includes the use of the Call for Proposals (CFPs) for NGOs, academic institutions and registered community-based organizations and improving the capacity assessment tool checklist) as well as guidance for the selection of government partners, other UN agencies and non-UN intergovernmental organizations.	The Board acknowledges management effort to revise and complete the POM on the selection part of partners and therefore close the recommendation.	X			

No.	Audit report year	paragraph reference	Recommendations of the Board	UN-Women response	Board's assessment	Status after verification			
						Implemented	Under implementation	Overtaken	Not Implemented
19	2015	36	The Board recommends that UN-Women expedite the revision of POM and related business process review so that the inconsistencies and the ambiguous language in the Annex D of Programme and Operations Manual (programme and project formulation) are addressed and cleared in a timely manner.	In the upcoming revision of POM and related business process review expected to be completed in 2017 and will ensure that these inconsistencies are made clear to avoid ambiguity in future. Based on the comments received Program Division and DMA Legal has been reviewing the POM revision through a dedicated task force. This task group is expected to finish their final incorporation of the comments and revision facilitating the issuance of the revised POM.	The revision of the POM with regard to project documents is yet to be finalized.		X		
20	2015	A/71/5/Add.12, para 41	The Board recommends that UN-Women ensure that country offices strengthen their internal controls over all funds advanced to implementing partners to ensure that the funds are utilized exclusively for UN-Women projects.	The Mozambique country office, along with other country offices works closely with partners to ensure that funds are utilized exclusively for UN-Women and ensure that advances are issued in line with project agreements. Webinars to all staff across the organization were provided on risk assessment, FACE form and liquidations, and due diligence process for write-offs or unilateral liquidations in 2016.	Training was provided across UN-Women offices and the anomaly was not noted during 2016 audit cycle.	X			
21	2015	45	The Board recommends that UN-Women: (a) financially close all operationally closed projects within 12 months of the month in which they are operationally completed or terminated; and (b) ensure that the appropriate staff	The automated Project Closure tool is currently in User Testing phase. The updated checklist for project closure was released in April 2017. Both of these actions will greatly clarify and assist with the timely closure of projects. Temporary additional staff resources have been	The Board recognises the measure taken to automate tool and dedication of additional staff for projects closure which led to a decline of project not closed, including closure of project that were outstanding in 2013. While	X			

No.	Audit report year	paragraph reference	Recommendations of the Board	UN-Women response	Board's assessment	Status after verification			
						Implemented	Under implementation	Overtaken	Not Implemented
			resources are available and an automation tool is developed so as to expedite the financial closure of projects.	provided and recruitment is underway for constant staff resources.	closing the recommendation based on the actions taken and their results, the Board has included another recommendation on this area for additional measures to fully address the issue of projects closure.				
22	2015	50	The Board recommends that UN-Women improve the quality of the data maintained in Atlas regarding the status of projects.	UN-Women provide Dashboard for use by all offices to ensure accuracy of status of projects in Atlas. Review of accuracy was conducted by the Project Closure Working Group, which included each Regional Office.	The weaknesses on status of projects data were noted in our current audit and thus the implementation is yet to be completed.		X		
23	2015	56	The Board recommends that UN-Women further improve its integrated budget and enhance its results-based budgeting in line with the harmonization requirements of UNDP, UNFPA and UNICEF.	UN-Women remain committed to improve its results based budgeting presentation during the formulation of the Integrated Budget 2018-2019. It will be possible to leverage on information available from the new Results Management System subject to the requirements of harmonization with the other Funds and Programmes (UNDP, UNFPA and UNICEF).  UN-Women's Integrated Budget 2018-2019 has been formulated on a results based budgeting presentation linking to Outcomes of the Strategic Plan.	The Board is waiting for the review of the new Integrated budget 2018-2019		X		

No.	Audit report year	paragraph reference	Recommendations of the Board	UN-Women response	Board's assessment	Status after verification			
						Implemented	Under implementation	Overtaken	Not Implemented
24	2015	60	The Board recommends that UN-Women: (a) ensure that clear instructions on the preparation of annual workplans are sent to the field offices; and (b) expedite the initiation of an improved project planning and budgeting process, which will facilitate effective utilization of the annual allocated funds for better project execution.	<p>UN-Women has developed a corporate Results Management System training modules which have been used by the various Regional Offices and Country Offices to provide training to programme personnel during 2015.</p> <p>Where budget revisions or re-phasals are required, a process will be outlined with the need for clear justification and approvals.</p> <p>Communication from Director DMA on re-phasals of Core Allocations with inputs from Program Division on Non-core budget re-phasals sent on 14/10/2016</p>	The recommendation is implemented.	X			
25	2015	64	UN-Women agreed with the recommendation of the Board that it ensure that the field offices use proper staffing modalities and that holders of service contracts do not perform core functions.	A service contract is a valid contractual modality and will be used for functions that qualify for a service contract. Adequate guidance is provided to offices to ensure appropriate use of service contracts. The Service Contract user guide (UNDP) was amended effective 1-Jul-2016 and UN Women offices are using the new Guide which further clarifies the subject of proper use of service contract.	The Board has verified that UN Women has provided guidance note to all field offices on the use of proper staffing modality and the new policy provides situations in which service contracts can be applied to functions of continued nature (especially if the function is attached to a particular programme)	X			

No.	Audit report year	paragraph reference	Recommendations of the Board	UN-Women response	Board's assessment	Status after verification			
						Implemented	Under implementation	Overtaken	Not Implemented
26	2015	A/71/5/Add.12, para 68	UN-Women agreed with the recommendation of the Board that it comply with the policy regarding the timely performance of reviews and ensure that performance planning, midyear reviews and final reviews for fixed-term appointments in all field offices are carried out in compliance with the requirements of the programme and operations manual.	The HR and IT teams have launched a compliance monitoring dashboard; HR team sends regular reminders regarding the PMD process and deadlines and provides training to staff. UN-Women is also developing new training materials which will be shared widely with Managers and Personnel.	The Board takes note of the measures taken and improvement in the country offices sampled in 2015. The Board closes this recommendation to acknowledge management initiatives, but provide additional recommendations for further management actions to ensure that the identified deficiencies are fully addressed.	X			
27	2015	A/71/5/Add.12, para 73	The Board recommends that UN-Women set up a mechanism which enables timely submissions of leave requests by staff members and subsequent approval by supervisors.	UN-Women has strengthened the leave management system over the last few years. The method of tracking has been transitioned from all manual processes to integrated online processes now as part of Atlas e-services. UN-Women instructed the leave focal points to advise their units and managers to submit and approve leave request before payroll freeze cycles.	An online tool for leave requests and approval in place and the recommendation is implemented	X			
28		A/71/5/Add.12, para 78	UN-Women agreed with the Board's recommendation that (a) the ICT Board conduct meetings on a periodic basis, as stipulated in its terms of reference, to provide direction and decisions on ICT investments and the use of ICT resources across the	New ICT Governance policy, ICT Board TOR, ICT Coordination group TOR published in POM	No reported weakness in 2016 and the recommendations were addressed	X			

No.	Audit report year	paragraph reference	Recommendations of the Board	UN-Women response	Board's assessment	Status after verification			
						Implemented	Under implementation	Overtaken	Not Implemented
			organization; (b) review the membership of the ICT Board to ensure that senior management from all or at least the major business process owners throughout the organization are represented; and (c) review and evaluate the function and performance of the ICT Board regularly so as to ensure its effectiveness and facilitate improvement						
29		A/71/5/Add.12, para 82	(a) develop an awareness training programme on information security, based on training on a needs assessment; (b) Conduct mandatory awareness training on information security for all staff to ensure that they understand the various information security risks.	A new security awareness training program was developed and launched in the LMS as a mandatory training for all staff.	Training was conducted and the recommendation is implemented.	X			
30	2015	87	The Board recommends that UN-Women: (a) ensure that the ICT strategy developed for 2016 contains elements that include a timetable for achieving the expected outcomes, success metrics and a description of how major risks will be managed or mitigated during the implementation of the strategy;	New ICT strategy approved by SMT on 9/26/2016	The recommendation is implemented.	X			

No.	Audit report year	paragraph reference	Recommendations of the Board	UN-Women response	Board's assessment	Status after verification			
						Implemented	Under implementation	Overtaken	Not Implemented
			and (b) review the ICT strategic road map on a periodic basis.						
<b>Total</b>						<b>25</b>	<b>5</b>		
<b>Percentage</b>						<b>83</b>	<b>17</b>		